

Win for Life

Making SMART health choices



Suitable for employees and retirees of all ages
1 or more members required

**City of Houston
May 2006
Employee and
Retiree
Enrollment
Guide**

A message from the Mayor

Dear employees and retirees:

We've just completed one of the most rigorous benefits plan selection processes the City of Houston has ever undertaken. The city released an RFP last summer for health plans, dental plans, and other services. Provider competition was fierce. But the tough analysis and negotiations paid off, with familiar plans and benefits, stability, and a new pretax benefit.

Just as important as the plan features is the affordability for you, and for the city. The health plans will cost over \$759 million over 3 years. But the single-digit HMO increase for next year assured continued affordability for you, and for the city. To keep it affordable, the city's contribution to the plans will change from 78 percent to 77 percent.

Here are the results of the competition:

1. We will introduce a new benefit for employees on May 1, 2006: the **Healthcare Flexible Spending Account**, a great pretax benefit that can save you money.
2. The basic structure of the benefits plans will remain the same, with enhancements to the dental plans.
3. The same familiar vendors will administer the plans:
 - a. The HMO and PPO plans will be administered by **BlueCross BlueShield of Texas**.
 - b. The dental plans will be insured by **National Pacific Dental** and **United Healthcare**, the new owner of Spectera.
 - c. The supplemental insurance plans are provided by **AFLAC**.
4. Your contributions for these plans have been held at affordable levels, with dental rates actually decreasing.

Specific information about the rates for each plan is found in this Enrollment Guide.

The new Healthcare Flexible Spending Account is brought to you by popular request. Almost every employee can save money by contributing to this program. Learn more about how it can save your hard-earned money on page 16, and in the separate HFSA Guide.

I am acutely aware of the competition for your hard-earned dollars. You work hard for your money and look for quality for every penny you spend. I believe these plans have everything you need: comprehensive care with savings - a true win-win health benefit plan.

Open enrollment begins in March, with benefits effective May 1, 2006. Please read each page of this Enrollment Guide for details of each benefit, and your contributions.

As anyone can tell you, health care costs are increasing. Please know that we have fought hard to give you plans that preserve your benefits while remaining affordable. We will continue being good guardians of your benefits and working to provide the best plans we possibly can for the future.

Thank you for using your benefits wisely.

Respectfully,



Bill White

2006 Open



You were the talk of the town this fall! After the Request for Proposal for health benefits plans was released, all eyes were on you. As a group of 65,000 employees, retirees and dependents, the city of Houston is an attractive client for most benefits providers. The climate in 2005 was extremely competitive. The results, announced in the Mayor's letter, confirm that this set of benefits is valuable, durable, and comprehensive.

These benefits provide important short-term and long-term security for you and your family - during employment and during retirement. They were designed to reduce the financial burden on your family when you need health care and dental care. It is important to have your health care be predictable and budgetable. That's why the copayment feature was retained. You can still go to your doctor for only \$20, and get a generic prescription for \$10. Those copayments should not pose a barrier to seeking health care for anyone.

In Houston, we are concerned about thousands of citizens who have no health insurance or health care. These plans eliminate that concern for you and for the community.

It's tough to balance the needs of 65,000 diverse people - and a limited income to pay for it. When facing a \$759+ million healthcare bill for 3 years, we were thrilled to contract with BlueCross BlueShield for an increase of only 6.7 percent in the first year. They even proposed a single-digit cap on rates for the second year - something no other competitor could guarantee. These are the reasons your plans are so affordable, when medical inflation has been 11-14 percent.

BlueCross BlueShield, United Healthcare, Inc., and AFLAC were selected because of their financial competitiveness, their commitment of service for the city's members, and no other competitors offered a compelling reason to change. You don't have to worry about disruption of your health care relationships.

We will retain the plan models that you have now:

- ➔ Health plans: HMO and PPO
- ➔ Dental plans: dental HMO and an indemnity plan

Keep reading for more details about these and other plans in this Enrollment Guide.

Open Enrollment 2006

Enrollment

Here's how your benefits package looks:

Health plans

- HMO
- PPO
- Plan A (for grandfathered retirees)

Dental plans – employee paid

- Dental HMO
- Dental indemnity plan

Supplemental Insurance plans – employee paid

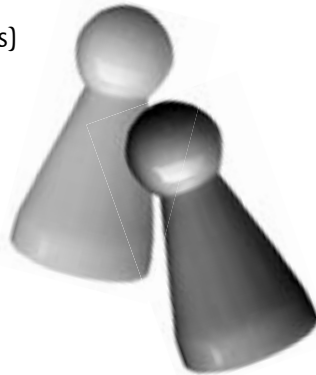
- Cancer
- Hospital
- Accident / disability

Flexible Spending accounts

- Healthcare (new in May 2006)
- Dependent Care

In addition, these plans are offered outside this open enrollment period.

- Life insurance – one-times salary, paid by the city
- Voluntary life insurance – up to four times salary, employee-paid
- Time off, including holidays, vacation, sick, wellness leave, personal days, for most employees
- Long term disability, paid by the city, for most employees
- Pension – valuable defined benefit plan; unique plans for civilians, police and fire classified employees
- 457 pretax deferred compensation savings plan
- subsidized transportation benefit



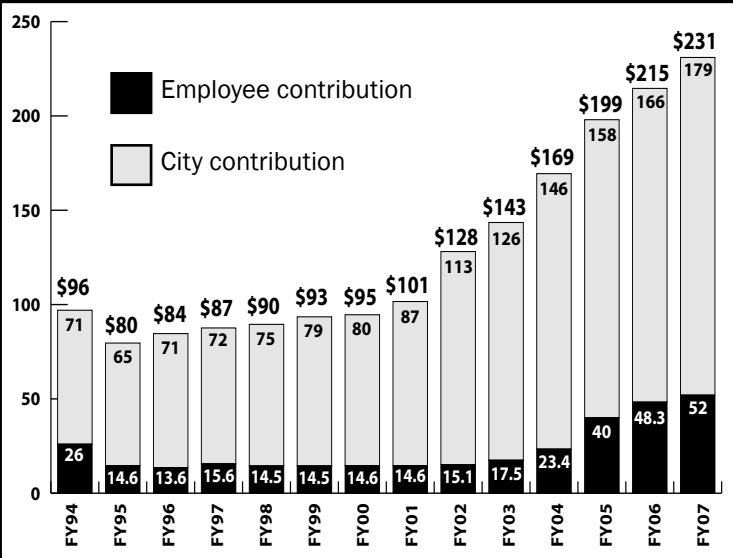
What's new for May 2006?

1. New Healthcare Flexible Spending Account. See page 16 for details.
2. All deductions for benefits will be taken on a pretax basis, except for the disability plan through AFLAC.
3. When you terminate, your HMO and dental coverage extends through the last day of the month in which you terminate.
4. HMO and PPO copayments for services from providers other than your PCP are applied in a new manner. The "type of service" determines the amount of the copayment. This applies mainly to some specialist services that were previously charged as PCP services. If the service occurs in a "specialty" setting, the specialist copayment applies.
5. Your contributions to medical and dental plans will change. See page 7 for details.
6. A few changes in the HMO and PPO are listed on page 3.
7. Dental benefits are better. See pages 13 - 14 for details.

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Health plan expenditures in millions



*Estimated

Who's in the game?

Who	HMO	PPO	Total
Employees	18,955	606	19,561
Retirees	6,783	704	7,487
Dependents	37,054	782	37,836
Total	62,792	2,092	64,884

Date: Oct. 2005

Health Plan Highlights

Plan Highlights

The HMO and PPO plans are offered to you as a way to have comprehensive care, predictable and budgetable health costs, and to offer a choice.

The HMO requires that all of your care be directed by your Primary Care Physician and you must use network providers, except in the case of emergency. There is more flexibility in the PPO, more doctors, no PCP requirement, and the option to go out-of-network. The trade-off is that you pay more for this flexibility, in your contribution and at the time of service.

PPO costs are increasing at a higher rate than the HMO. Even so, few PPO plan changes are proposed.

You are familiar with the features of these plans, which are summarized in the chart on this page. A detailed comparison is provided at www.houstontx.gov/hr/oe06/main.htm, or with your enrollment materials.

These are the benefit changes for May 1, 2006.

1. Copayments will be based on "type of service" – there is a different copayment for services from your PCP and from a specialist. Applies to HMO and PPO.
2. Hospital admission copayment – If your newborn is readmitted to the hospital after 5 days, a new hospital admission copayment of \$500 will apply. There is no copayment now. Applies to HMO and PPO.
3. Elimination of the \$30 copayment for a colonoscopy in the PPO in-network. There will be \$0 copayment in the PPO in-network.
4. Vision rider – There are a few small changes in the copayment schedule in the HMO vision benefit. Applies to the HMO. To view the schedule visit www.houstontx.gov/hr/oe06/main.htm.
5. Extended coverage at time of termination – if you leave the city's plan, your coverage does not terminate until the end of the month in which you terminate. Applies to HMO, DHMO and dental indemnity plans.
6. Organ transplants – services are now provided for organ donors. Applies to the HMO.
7. Blue Star system – BCBS introduces a new eligibility management system. The new system requires some of the plan changes mentioned above.

Health plan features at-a-glance

Plan feature	What you pay		
	HMO	PPO In-network	PPO Out-of-network
Deductible (Individual/Family)	no deductible	\$200/\$600	\$400/\$1,200
PCP office visit copayment	\$20	\$30	40%
Specialist office visit copayment	\$45	\$50	40%
Routine physical copayment	\$20	\$30	40%
Well woman/man exam	\$0	\$0	40%
Inpatient admission copayment/coinsurance	\$500	\$500 + 20%	\$1000 + 20%
Emergency room	\$150	\$150 + 20%	\$150 + 20%
Ambulance	\$100	20%	20%
Outpatient surgery	\$200	20%	40%
Prescriptions (30-day supply) participating pharmacy copayment			
Generic	\$10	\$10	\$10
Preferred brand	\$30	\$30	\$30
Nonpreferred brand	\$45	\$45	\$45
Prescriptions (90-day supply) mail-order copayment			
Generic	\$20	\$20	\$20
Preferred brand	\$60	\$60	\$60
Nonpreferred brand	\$90	\$90	\$90
Annual maximum copay/coinsurance (Individual/Family)	\$1,500/\$3,000	\$3,000/\$6,000	\$5,000/\$10,000

Type of Service

Beginning May 2006, the copayments for primary care services and specialist services will be a little different. Until now, some specialist services were charged the primary care copayment, \$20 in the HMO and \$30 in the PPO. In the future, the copayment will be determined by the type of service.

- If the service is performed by the primary care provider in the office, the lower copayment will apply.
- If the service is performed in a specialist's office, or in another location, the higher specialist copayment will apply, \$45 in the HMO and \$50 in the PPO.

Services that were provided for the "primary care" copayment included home health visits, family planning and infertility treatment, physical therapy and other similar services. On May 1, 2006, services such as these will be considered "specialist services," and you will pay the higher copayment.

Covered by Medicare?

To help you win financially, retirees who are covered by Medicare should consider one of the new Medicare Advantage Plans. See page 6 for additional information.

Captain Carrot Card

During your busy schedule, you neglect to schedule regular checkups with your primary care physician. **Slide back three squares.**

Two-thirds of Americans don't get yearly physicals, according to St. Joseph Health System. One in three men and one in five women don't have a regular doctor.

But regular checkups help with early detection of diseases, which increases your chance of overcoming an illness. Regular checkups also establish a bond between patient and physician, which can be an advantage if a serious illness strikes.



Enrollment Options

If you are currently enrolled in:	You may enroll in one of these plans during this enrollment		
	HMO	PPO	OOA**
HMO	yes	yes	no
PPO	yes	yes	no
OOA	yes*	yes*	yes**

*If you live in the plan's service area.

**Only available to a few employees/retirees. You must live outside the PPO/HMO service area to enroll. See a list of zip codes on the enrollment Web site.

Winning Tip

The PPO in-network has an annual deductible of \$200 for individuals and \$600 for families. For families, the maximum can be reached by any combination of covered family members' eligible expenses.

If you don't reach your annual deductible by Sept. 30, a three-month carryover feature will help you in the following calendar year. Charges that apply to the annual deductible and that are incurred in October, November and December can be counted in the next year.



What's the score?

	HMO	PPO
Percent enrolled	97%	3%

Health Plan Highlights

Which Doctors can help you Win?

This chart is a partial listing of doctor groups in the HMO and PPO. Many doctors contract independently with the PPO. For a complete list, go to www.bcbstx.com and search by doctor name or by zip code.

Doctors in the HMO and PPO		
Physician Group	HMO	PPO
Baylor	*	X
CardioVascular Care Providers, Inc.	****	X
Independent Physicians, if listed	X	
Inpatient Consultants of Texas		X
Kelsey-Seybold Clinic	X	X
MD Anderson Cancer Center	****	X
Medical Clinic of Houston		X
Memorial Hermann Healthnet Network Providers	***	X
OB/Gyn Associates		X
PeopleFirst	X	**
Renaissance	X	**
Sadler Clinic	X	X
UT Physicians		X
UTMB-Galveston		X

* Pediatricians/Specialty care providers participating in HMO network. ** Physicians may be in the PPO through independent contracts instead of through the IPA.

Physicians may be in the HMO through independent contracts instead of through the IPA. *Available through referral only.

Captain Carrot Card

You have health problems, and you keep on top of them with proper care and regular checkups. **Ride forward four squares.**

The American Diabetes Association recommends a yearly foot exam for patients with diabetes to prevent complications of foot ulcers and amputation. Be sure to talk to your doctor about your medical problems, and stick to his recommendations and treatment. Medical problems don't have to be life problems.

Bonus turn: If you're a diabetic and you measure your blood sugar every day, **move forward two squares.** If you don't, **go back to start.**



Which plan is right for me?

Features	HMO	PPO
	You must select a PCP. Services are available from specific doctors for a specific copayment; no claims to file; no coverage out-of-network (except for emergencies.)	Services are available from a large network of doctors; services are subject to deductible, copayment and coinsurance; you may have to file a claim; out-of-network coverage is available at a lower benefit level.
Network	7,000 PCPs and specialists in the counties surrounding Houston.	11,000 doctors in the Houston area, and 600,000 doctors across the United States.
Service Area	220 counties in Texas.	49 states, excluding Montana.
Network services	Except for emergency care, only services provided in the network are covered.	Services performed in-network and out-of-network are covered at different levels.
Primary Care Physician	Your PCP coordinates all medical care.	Freedom to choose any doctor, hospital, or specialist.
Referrals	PCP must refer you to specialists.	Referrals are not required.
Deductible	No deductible or coinsurance.	\$200/\$600 in-network. \$400/\$1,200 out-of-network.
PCP visit	Most common copayment is \$20.	Most common copayment is \$30 in-network.
Specialist visit	Most common copayment is \$45.	Most common copayment is \$50 in-network.
Coinsurance	Most services covered at 100% after copayment.	Services covered 80% (or 60% out-of-network) after annual deductible.
Billing for services	No balance billing. No claims to file.	No balance billing, unless you seek out-of-network services; you must file a claim to seek reimbursement.
Preventive care	Routine preventive care such as well-baby, well-woman, and well-man exams are free; annual physicals are covered with copayment.	Preventive care such as well-woman and well-man exams are free in-network and annual physicals are covered with copayment. Limitations on out-of-network preventive services.

Medicare Advantage

Are you covered by Medicare?

Get ahead of the game with a Medicare Advantage Plan. Two are offered by the city: TexanPlus and Texas HealthSpring.

Some of the exceptional benefits offered are:

- Plan design similar to HMO Blue Texas HMO.
- Prescription benefits similar to the HMO and PPO drug copayment structure.
- Familiar Kelsey Seybold and Renaissance physicians.
- Access to familiar retail pharmacies like CVS, Walgreens, HEB, Kroger, Randalls and others.
- Access to state-of-the-art medical facilities like St. Luke's and Methodist hospitals.
- Urgent-care center locations so convenient they could almost be considered a house call.
- The option for split-family elections - one stays in HMO or PPO, one elects a Medicare Advantage plan,
- Opportunity to switch back to HMO Blue Texas plans within 90 days of enrollment in an MA plan, or on Jan. 1, 2007 and again on May 1, 2007.

But best of all is the tremendous cost savings opportunity — real “feel-it-in-your-wallet” savings such as:

- 94 – 95 percent savings on “retiree only” monthly contributions;
- 50 – 75 percent savings on PCP visits;
- \$100 savings on emergency room visits;
- No copayment for home health care visits;
- And much, much more!

How do I get in the game?

If you or your dependent(s) are card-carrying members of Medicare and are enrolled in both Part A, hospital insurance, and Part B, medical insurance, contact the city of Houston benefits division at (713)837-9400 or (888)205-9266 for more information regarding these money-saving Medicare Advantage Plans.

Request the separate enrollment guide and more information about the plans on the enrollment Web site

www.houstontx.gov/hr/oe06/main.htm.

Health Materials Checklist

Employees

- ☐ Statement of benefits
- ☐ Open enrollment guide
- ☐ Comparison chart
- ☐ Election/change forms

Retirees

- ☐ Open enrollment guide
- ☐ Comparison chart
- ☐ Medical/Dental change form

Captain Carrot Card

You get a yearly eye exam. **Look ahead two squares.**

Not taking the time to get your eyes tested can lead to worsening sight and missing the early signs of glaucoma, which can cause irreversible vision loss, according to Eye Health 101.



Health Plan Highlights

Contributions

Each year we struggle to achieve the right balance of benefits and contributions. We expect to spend \$231 million in health care in FY07. That buys a lot of health care for you, but that expense is rising faster than in the city's General Fund. Intense competition for the HMO and PPO plans -- and a little help from you -- will help keep costs manageable next year. We also have a good idea of next year's cost, so we can plan for two years now.

Cost increases to HMO and PPO are 6.74 percent, beginning May 2006. PPO costs are increasing at a much faster pace than the HMO -- 30.5 percent. Medicare Advantage plan rates (for Medicare-covered retirees) remain the same as announced in January 2006.

Overall, the city contributes 78 percent of the aggregate plan cost. It will change to 77 percent in May 2006. In addition, the PPO contribution is calculated according to a "defined contribution" strategy. Here's what that means to you, in terms of your monthly contributions:

- ➔ HMO contributions will increase 8.8%, across all tiers.
- ➔ PPO contributions will increase from 14 to 59 percent, with most increases around 30 percent.
- ➔ Medicare Advantage plans contributions will not increase in May 2006 -- still \$5 and \$7.50 per month.

This is the lowest rate increase in the HMO since 2002, when your rate increased 11 percent. Last year the increase was 22 percent. You know what your neighbors pay for health coverage. Even with this single-digit rate increase, you can feel the value of the "benefit-for-contribution" equation -- especially considering that the payment for each medical encounter is set at a fixed amount. See the chart on the right for contributions.

In the PPO, the rate increase is greater because participants are using more expensive health services at a faster rate than in the HMO. When the city introduced the PPO in 2004, it was designed and priced so that PPO contributions and premiums would support the claims expense. The "defined contribution" strategy box on page 8 describes how the PPO rates are developed.

If you are a Medicare-covered retiree, the Medicare Advantage plans offer distinct financial advantages for you. You have great health care, and four excellent choices, at that! See page 6 for more information.

New rates are effective May 1, 2006.

Active Employees Bi-weekly Contributions*

HMO	from	to
Employee only	\$12.37	\$13.46
Employee + 1	\$60.05	\$65.33
Employee + 2 or more	\$75.52	\$82.16

PPO and Out-of-Area

Employee only	\$67.05	\$87.35
Employee + 1	\$193.17	\$243.48
Employee + 2 or more	\$250.53	\$316.43

Retirees Under 65 Monthly Contributions

HMO	from	to
Retiree only	\$93.34	\$101.54
Retiree + 1	\$275.36	\$299.58
Retiree + 2 or more	\$429.38	\$467.16

PPO and Out-of-Area

Retiree only	\$322.00	\$366.94
Retiree + 1	\$726.26	\$939.50
Retiree + 2 or more	\$1,120.58	\$1,308.72

Retirees Over 65 Monthly Contributions

HMO	from	to
Retirees over 65 without Medicare		
Retiree only	\$316.24	\$344.06
Retiree + 1	\$664.10	\$722.52
Retiree + 2 or more	\$1,138.44	\$1,238.60

Retirees over 65 with Medicare

Retiree w/Medicare	\$98.66	\$107.32
Retiree + 1 (1 w/Medicare)	\$197.34	\$214.70
Retiree + 1 (2 w/Medicare)	\$192.40	\$209.32
Retiree + 2 or more (1 w/Medicare)	\$335.48	\$364.98
Retiree + 2 or more (2 w/Medicare)	\$305.86	\$332.78

PPO and Out-of-Area

Retirees over 65 without Medicare		
Retiree only	\$377.55	\$526.88
Retiree + 1	\$792.86	\$1,106.44
Retiree + 2 or more	\$1,153.06	\$1,370.74

Retirees over 65 with Medicare

Retiree w/Medicare	\$221.38	\$351.26
Retiree + 1 (1 w/Medicare)	\$583.14	\$907.22
Retiree + 1 (2 w/Medicare)	\$467.50	\$398.98
Retiree + 2 or more (1 w/Medicare)	\$737.58	\$995.06
Retiree + 2 or more (2 w/Medicare)	\$717.38	\$913.82

If you or a covered family member use a tobacco product, add \$12.50 for employees and \$25 for retirees to the rates shown above.

*24 times per year

Disease Prevention Discount Program

Studies show that people who use tobacco are more likely to have higher medical claims and are hospitalized longer. They are also more likely to have smoking as a primary contributor to illnesses like heart, lung and pulmonary diseases that generally require long-term and costly medical intervention.

For these reasons and others, employees, retirees and their covered dependents who do not use tobacco will pay \$25 (\$12.50 per pay period) less each month for health care coverage. (See chart to the left for disease prevention discount rates.) If you are paying the disease prevention discount premium and use a tobacco product, you could lose medical coverage.

Monthly rate comparison among local employers

Company (Predominant Plan)	Tier	Employee's Contribution	Employer's Contribution
City of Houston (HMO)	EE only	\$27	\$243
	EE+ family	\$164	\$693
Rice University (HMO)	EE only	\$56	\$263
	EE + family	\$331	\$655
METRO (HMO)	EE only	\$61	\$478
	EE + family	\$195	\$1,105
HISD (Consumer Plus)	EE only	\$115	\$278
	EE + family	\$605	\$302
Harris County (PPO)	EE only	\$0	\$372
	EE + family	\$295	\$667
Private Local Company (PPO)	EE only	\$122	\$300
	EE + family	\$330	\$900

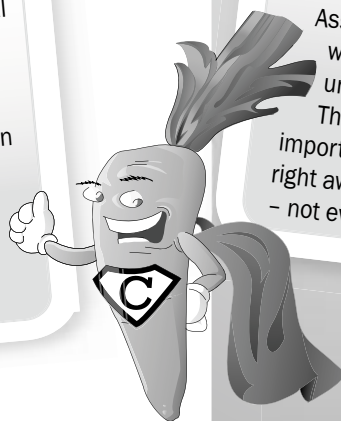
Source: City of Houston annual health benefits survey, January 2006.
City of Houston data effective 5/1/06. Other participants' data valid YTD 2006.

Captain Carrot Card

You're thinking about quitting smoking, so you consult with your doctor about your options. **Drift forward three squares.**

There are an array of products that can help you quit: the nicotine patch, nicotine gum, nicotine lozenges, nicotine inhaler, nicotine nasal spray, and bupropion, an antidepressant drug that can help control nicotine cravings. Select the method that works best for you.

Game tip: The medical plans can help you win this game – and help your wallet win, as well. The HMO and PPO plans cover prescription drugs for smoking cessation. The benefit is \$185, limited to one course of treatment annually.



Strategy for PPO contributions

PPO contributions for employees and retirees are defined by the city's contribution to the HMO plan, by tier. The city contribution for the employee-only tier of the HMO is what the city will contribute to the same tier in the PPO. For example, the city will contribute \$243 to the HMO for employee-only coverage. The city will contribute \$243 to the PPO for employee-only coverage.

Effective May 1, 2006	Employee only		Employee and family	
	HMO	PPO	HMO	PPO
Total monthly premium	\$270	\$418	\$857	\$1326
City monthly contribution	\$243	\$243	\$693	\$693
Employee monthly contribution	\$27	\$175	\$164	\$633

Captain Carrot Card

You've quit smoking, but recently you decided to have "just one" cigarette to relieve some temporary stress in your life. **Take a deep breath and go back one step.**



One cigarette may seem harmless, but it can quickly lead back to one or two packs a day.

If you threw out the pack after smoking one cigarette, **take two steps forward.** Many ex-smokers tried to stop many times before they succeeded, states "Clearing the Air," a publication from the U.S. Department of Health and Human Services and the National Cancer Association. When people slip up, it's usually within the first three months. If this happens, understand that you've had a small setback. This doesn't make you a smoker again. It's important to get back on the non-smoking track right away. Remember, your goal is no cigarettes – not even one puff.

Prescription Plan Highlights

Congratulations

Through your careful use of appropriate prescription drugs, new generic drugs, and plan changes made in the past couple of years, drug spending in the city's HMO and PPO has slowed. Drug costs, comprising 16.8 percent of total health plan costs, are still increasing at a faster rate than other medical costs. The rate of drug increase is 14 percent, down from 16 percent. Your hard work and conscientious choices have paid off — the prescription benefits will stay the same for the next plan year.

But that doesn't mean you can stop here. The gameboard changes constantly, with the introduction of new high-priced drugs, brand name patents expiring, resulting in new generics, and unusual new uses for those pricey brand name drugs.

You've become better consumers of prescriptions — probably because you are asking the right questions:

- Is medication required for my condition, or will it get better by itself?
- Is this the best medication for my condition?
- Is there a generic medication available?
- If I have to take medication for more than 30 days, is mail order less expensive?
- Will this medication interact badly with other medications I take?

The drug manufacturers want you to be charmed by their colorful advertisements and to ask your doctor for the newest high-cost drug. Of course! That's the one that makes the most money for them. Don't be charmed — Be smart! Ask these questions, and you can do your part to slow unnecessary drug cost increases. If your doctor prescribes medication, make sure you discuss it, and understand how it is supposed to work.

Quantity vs. Time drugs

Certain drugs are limited to a specific quantity for a specific period of time. Some examples are:

- All nasal inhalers (Flonase)
- Migraine medications (Imitrex)
- Asthma inhalers (Albuterol)
- Pain management (OxyContin)
- Proton Pump Inhibitors (Prevacid)

To find out if a drug you are taking is subject to quantity limits, please contact BlueCross BlueShield of Texas at (800) 521-2227. A complete list can be found online at www.bcbstx.com.

Prescription plan features

Here are the features of your prescription benefit that are keeping the plan affordable:

1. This is a **3-tier prescription plan**, with different copayments in each tier. See the chart of prescription coverage on the next page.

Drugs are assigned to the 3 tiers, according to the BCBS formulary, which can change annually. Tier 1 contains generic drugs. Tier 2 contains "preferred" brand name drugs. Tier 3 contains other covered brand name drugs. Tier 2 drugs are always less expensive than Tier 3 drugs. Drugs can change among tiers, usually in May.

2. The **mandatory generic** feature calls for filling your prescription with a generic drug, if one is available if your doctor allows it. If you prefer the brand name drug to a generic, you will pay extra for the brand name drug.
3. The **step therapy** feature applies to 5 classes of prescriptions. Step therapy requires your doctor to consider alternative medications in those 5 categories before prescribing the higher-cost medications. New drugs could be added from time to time. See box on page 10.
4. **Quantity versus Time**, or QvT, is an edit that provides a baseline for the recommended amount of medication that should be taken over a certain period of time. QvT applies to both retail and mail-order prescriptions. When more medication is necessary, BCBSTX must approve the higher quantity. See sidebar for examples of medications in the QvT program.
5. **Mail-order prescriptions** are available for medications you take on a long-term basis. You can order up to a 90 day supply at one time, and pay less than you would pay at your local drug store. Instead of paying 3 times the monthly copayment, you only pay 2 times the copayment — 33 percent savings for you. See the Prescription Coverage chart, which illustrates the savings.

Mandatory Generic

If your doctor prescribes a generic drug but you purchase a brand prescription, you will pay more for your medicine. Your copayment will be the total of the generic copayment plus the difference between the cost of the brand and the generic drug.

Doctor prescribes generic Fluoxetine	\$24.99
You purchase brand-name Prozac	\$139.99
Difference in price	\$115
Your cost = price difference + \$10 generic copayment	\$125

The HMO and PPO plans provide access to prescriptions through copayments –always lower than paying the old-fashioned 20% coinsurance. That's because we want you to take the medications you need to get well, or manage your condition.

Prescription coverage		
Plan	Participating pharmacy 30-day supply	Mail order 90-day supply
HMO and PPO at participating pharmacy		
	\$10 generic	\$20 generic
	\$30 preferred	\$60 preferred
	\$45 nonpreferred	\$90 nonpreferred
PPO and OOA at nonparticipating pharmacy		
	50% after \$20 copayment per Rx	not available

To find a participating pharmacy, go to www.bcbstx.com and use the pharmacy or provider finder option.

Example of generic drug savings			
	Brand-name	Generic	Savings
Treatment Usual dose	Drug Name Cost	Drug Name Cost	30-day supply
Diabetes 850 mg tab	Glucophage \$160.99	Metformin \$70.29	\$90.70
Infection 500 mg cap	Keflex \$103.99	Cephalexin \$16.99	\$87.00
High blood pressure 30 mg tab	Cardizem ER \$57.99	Diltiazem ER \$15.99	\$42.00
Depression 20 mg cap	Prozac \$139.99	Fluoxetine \$24.99	\$115.00

Step therapy drug categories

Categories in the step therapy program are:

- COX-2 Inhibitors (Celebrex, Bextra)
- Leukotrienes for Asthma (Accolate, Singulair)
- Rheumatoid arthritis drugs (Enbrel, Humira, Kineret)
- ACE Inhibitors (Accupril, Mavik, Altace, Aceon)
- Angiotensin II receptor blockers (Avapro, Atacand, Cozaar, Diovan)

Mail-order sounds easy sign me up!

You can get a 90 day supply of your medication for the cost of a 60 day supply. Ask your HR liaison for a Prime Therapeutics mail-order form, or visit www.houstontx.gov/oe06/main.htm to learn more.

You've done a good job!

Talk about a winning combination. Saving yourself and the city money on prescriptions is simple and convenient. Generics offer the same benefits as name-brand drugs at a lower cost, while mail order drugs offer even lower prices and front-door delivery. City employees and retirees understand this, and you are taking advantage of the discounts. Here's how you score compared to BlueCross BlueShield's other customers:

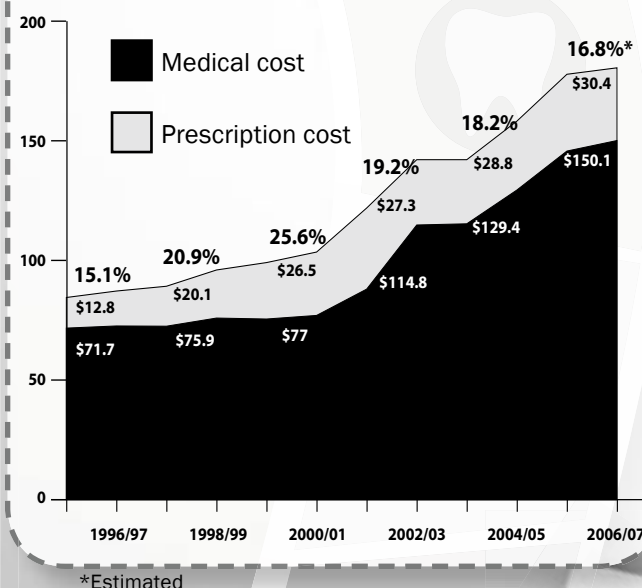
Generic usage scorecard

	COH	BCBS Other
Generic utilization: Percent of drugs prescribed that are generic	54 %	47 %
Generic substitution: Percent of generics used when a generic is available	94 %	92 %

Mail-order usage scorecard

Percent of all prescriptions that are ordered via mail-order	11%	4%
--	------------	-----------

Prescriptions as a percent of total claims



Health Plan Highlights

Prescription Checklist

What should you be asking your doctor about prescriptions? Clip out this checklist and on your next doctor's visit, be prepared.

- ☐ Gather together, place in a bag and take with you anything you're taking, including:

- ☐ prescription drugs

- ☐ over-the-counter medication

- ☐ vitamin supplements

- ☐ herbal remedies

- ☐ Write a list of questions you want to ask your doctor.

- ☐ Make a list of medications you need to ask about. Find out if there really are special benefits, which you may have seen advertised.

- ☐ Ask about possible side effects.
- ☐ Ask if an antibiotic is really necessary. If it is, request that it be a "narrow spectrum" type for your specific need.
- ☐ Bring a copy of your three-tiered drug list.
- ☐ Ask if there is a generic equivalent of a prescribed brand-name drug.
- ☐ Be sure to have your HMO Blue Texas ID card with you.

Top 20 prescriptions for employees and retirees

Paying the retail cost for prescription drugs is expensive. But you are spared that expense by the city's three-tier prescription drug benefit – especially if you use generic drugs.

It's easy to find what tier your prescriptions are in. Check the chart below to see if your prescription is also one of the top 20 medicines. Then, compare your cost with the retail cost and see how much your plan saves you in out-of-pocket expenses. To see the entire list of preferred drugs, go to www.bcbstx.com, pharmacy option.

Top 20 prescriptions by amount spent

Drug Treatment/Usual dosage	\$10 Generic	\$30 Preferred	\$45 Nonpreferred	Retail cost 30-day Supply
1. Lipitor High cholesterol 10 mg tab		X		\$115.99
2. Nexium Ulcers/Heartburn 40 mg tab		X		\$144.99
3. Plavix Blood clots 75 mg tab		X		\$132.99
4. Enbrel Arthritis 25 mg inj (2 inj/wk for 4 wks)		X		\$1,449.99
5. Actos Diabetes 30 mg tab		X		\$178.99
6. Zocor High cholesterol lowering 20 mg tab			X	\$147.99
7. Prevacid Ulcers/Heartburn 30 mg tab			X	\$139.99
8. Advair Diskus Asthma 250/50 mcg (60 doses)		X		\$178.99
9. Lotrel High blood pressure 10 mg tab		X		\$86.99
10. Effexor XR Depression 75 mg cap		X		\$69.88
11. Tracleer High blood pressure 125 mg tab		X		\$1,764.46
12. Zoloft Depression 50 mg tab		X		\$93.54
13. Avandia Diabetes 4 mg tab		X		\$109.68
14. Tricor Cholesterol lowering 160 mg tab		X		\$104.94
15. Gleevec Leukemia 100 mg cap		X		\$2,428.09
16. Norvasc Antihypertension 5 mg tab		X		\$53.49
17. Pravachol Cholesterol lowering 20 mg tab			X	\$117.54
18. Diovan High blood pressure 80 mg tab		X		\$62.88
19. Singulair Asthma 200 mg cap		X		\$103.02
20. Valtrex Herpes virus 500 mg cap		X		\$176.68

As always, if the retail cost of the prescription is less than the copayment, you pay the lower amount.

Important Note



For medical and dental plans, only new enrollees will receive new ID cards for May 1, 2006. Your current ID card has no expiration. If you need additional or replacement ID cards, call HMO Blue Texas at (713) 837-9377 or visit www.bcbstx.com.

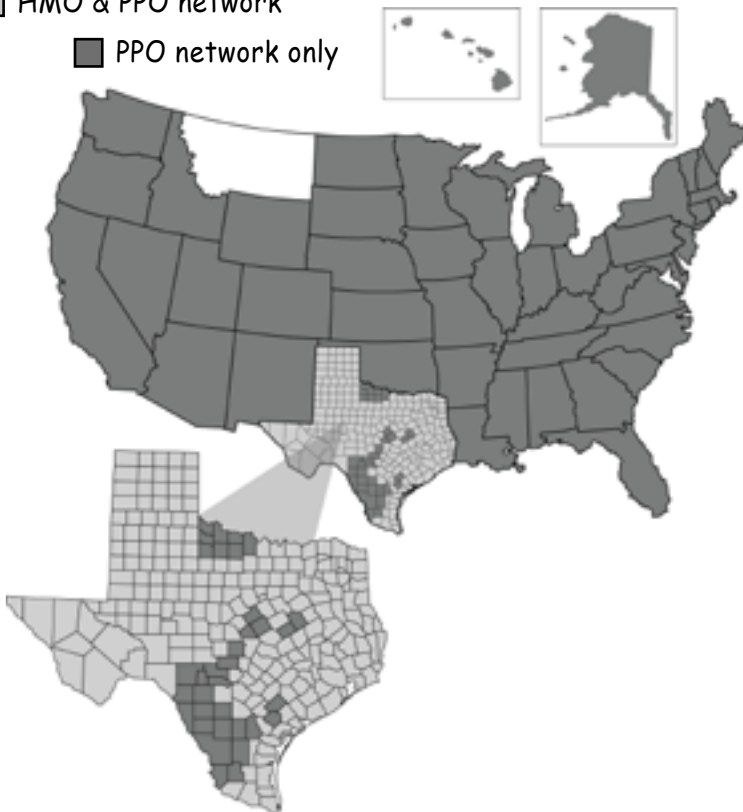


Source: Local retail pharmacy. Date: February, 2006.

Service Area

The map below shows the broad coverage of the service area for HMO and PPO plans. The HMO includes more than 200 counties in Texas and the PPO includes every state except Montana. Your ID card is accepted by additional doctors and hospitals and a larger retail pharmacy network.

-  HMO & PPO network
-  PPO network only

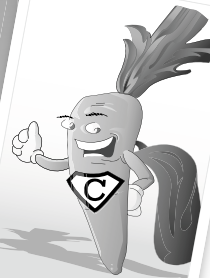


HMO service area

The HMO service area is as big as the state of Texas, except for these 34 counties — Archer, Bandera, Baylor, Clay, Coryell, DeWitt, Dimmit, Duval, Edwards, Falls, Foard, Frio, Gillespie, Goliad, Hamilton, Hardeman, Jim Hogg, Kerr, Kinney, Knox, La Salle, Lampasas, Limestone, Live Oak, Llano, McMullen, Maverick, Real, Uvalde, Webb, Wichita, Wilbarger, Zapata, Zavala.

PPO service area

The BlueChoice PPO network is nearly as big as America itself. That means employees and retirees under the plan can find contracted providers in every state except Montana. There are a handful of employees and retirees who live outside the service area. If you select the OOA plan but are in the HMO or PPO service area, your application will not be accepted.



Winning Tip

The BlueCard program provides temporary coverage if you or a dependent visits or resides outside the HMO and PPO service area. There are HMO networks in 35 states that honor the BlueCard. Your ID card has a little suitcase that denotes that you have this benefit. Benefits are available only through network providers in that location. Call the number on the back of your ID card to learn more about this benefit.

Winning Tip

For a provider directory with the complete list of HMO & PPO doctors and medical providers in the network, visit the HMO Blue Texas Web site at www.hmobluetexas.com



or www.bcbstx.com. You may also request a directory from your HR Liaison.

Captain Carrot Card

After a blood screening, you ask the doctor for a copy of the results. Then you chart the results at home, and maintain a diet that improves your score. **Move forward one square.**

Next year, get your blood screening results again and compare them with this year's. **Move forward four squares if there's an improvement.**



Dental Plan Highlights

Dental Highlights

As a result of the RFP last year, intense competition for your dental plans resulted in good news for you - lower costs and better benefits. The players are the same, but the name has changed. National Pacific Dental provides the DHMO plan, and United Healthcare, Inc. provides the dental indemnity plan.

How did we do? The DHMO rates are lower by 10 percent, and guaranteed for three years. The dental indemnity rates are lower by 5 percent, and also guaranteed for three years. That's not all. An updated benefit schedule on the DHMO shows lower copayments for some services, and some new

covered services. The dental indemnity plan has a higher annual maximum benefit - \$1,500, up from \$1,000. You also requested more orthodontia benefits, so here you go: up to \$1,000, from \$750. A great move, don't you think?

NPD also established a speedier orthodontic referral process. And there are new counties outside the Houston area that are now in the DHMO service area. To see the new DHMO schedule, go to www.houstontx.gov/hr/oe06.main.htm. See the charts on these two pages for rates and benefits.

DHMO

A dental health maintenance organization is a network of dentists, like an HMO, that offers a comprehensive range of dental services for fixed copayments. You choose a primary care dentist who coordinates your care and refers you to specialists. You must live in the service area to enroll.

Features of the DHMO include:

- No maximum annual limit on dental services,
- No deductibles,
- No claim forms to complete for most procedures,
- A fixed copayment for dental services, and
- A network that includes dentists and orthodontists.

2006 Dental contributions

DHMO contributions	Retiree monthly cost	Employee bi-weekly cost
Self only	\$8.66	\$4.33
Self + one	\$18.66	\$9.33
Self + two or more	\$26.40	\$13.20
Dental Indemnity Plan contributions		
Self only	\$25.00	\$12.50
Self + one	\$57.82	\$28.91
Self + two or more	\$78.82	\$39.41

Comparison of Dental Indemnity and DHMO features

Plan Features	DHMO	Dental Indemnity
Preventive Services	Sample copayments	
Cleaning and oral examinations, bite-wing X-rays	Preventive services - \$0	100 percent of services up to usual and customary limits. \$0 deductible.
Basic Services		
Extractions, root canals, oral surgery, restorative services (excluding gold fillings) and periodontal scaling	Extraction, Coronal Remnants - \$9 Periodontal Scaling - \$14-24 Root Canal Therapy, Molar - \$162	After you pay the annual deductible, the plan will pay 80 percent of services, up to usual and customary limits.
Major Services		
Initial fixed bridgework, crowns and dentures, replacement of bridgework	Crown - Titanium - \$210 Complete Denture, Maxillary - \$260 Immediate Denture, Maxillary - \$270	After you pay the annual deductible, the plan will pay 50 percent of services, up to usual and customary limits.
Orthodontic Services		
Covered services up to two years	Adult, 24-month Case - \$2,000 Adolescent, 24-month Case - \$1,800 Interceptive Ortho Service - \$1,100 (Primary and Transition Dentition)	After you pay the annual deductible, the plan will pay 50 percent of services, up to usual and customary limits. The lifetime maximum benefit is \$1,000 per individual.
Annual Maximum Benefit	No annual maximum benefit	\$1,500 per individual
Annual Deductible	No annual deductible	\$50 for each individual / \$150 family
Referrals for Specialty Care	PCD must refer patient to specialist	Not required
To Receive Reimbursement	Filing a claim is not required	Complete and submit a claim form.

For a list of DHMO benefits and copayments visit www.houstontx.gov/hr/oe06/main.htm.

Dental Indemnity Plan

A dental indemnity plan is a traditional plan that lets you receive a comprehensive range of dental services from the provider of your choice anywhere in the United States. You pay a percentage of charges for certain services and file a claim for reimbursement.

To use the plan:

- Make an appointment with the dentist of your choice.
- If the treatment will cost more than \$200, get a cost estimate.
- Pay the dentist. Some dentists require patients to pay only their portion.
- File a claim for reimbursement within 90 days. Some dentists will file your claim for you.

The chart on page 13 shows some services provided under the dental indemnity and DHMO plans. For a complete list of services provided under this plan, refer to the City of Houston Dental Indemnity Plan brochure.

In-network Preferred Dentist Option

If you are enrolled in the dental indemnity plan, you can reduce your out-of-pocket costs by using a preferred dentist. If you receive care from a preferred dentist or a network of dental providers, you will receive a discount on your dental services and have more money in your pocket.

As you can see in the chart below, if you use a preferred dentist, you will realize a considerable savings. The more costly the dental work, such as bridges or dentures, the more savings you will realize. Also, because all fees are reduced, you will receive more services before you reach the \$1,500 annual maximum benefit.

The city's In-network Preferred Dentist Option brochure provides information about this feature as well as a list of preferred dentists in the network. Contact the benefits division for a brochure.

Example of savings using a preferred dentist

Plan	Usual cost	50 percent coinsurance
Out-of-network	\$875	\$437.50
In-network	\$701	\$350.50
Your savings		\$87.00

Who's in the game?

Who	DHMO	Indemnity	Total
Total subscribers	13,403	7,101	20,504

Dental Materials Checklist

- ☐ DHMO brochure
- ☐ Dental Indemnity brochure
- ☐ In-network dentist brochure
- ☐ Change/Election forms

Important Note

With the dental indemnity plan, you pay for services you receive at the time of your appointment and file a claim for reimbursement. If your dentist files the claim, you may be asked to pay only the portion the plan will not pay. You can get a claim form from the benefits division.

You must submit your claim within 90 days after the date of service. Reimbursement is made by mail, usually within 10 work days.

To check the status of a claim, call (866) 605 - 2599. Mail your claim forms to:

United HealthCare, Inc.
1445 North Loop West
Suite 500
Houston, Texas 77008

Counties in the expanded DHMO service area

Anderson, Bowie, Brazoria, Brazos, Brown, Carson, Chambers, Collin, Dallas, Deaf Smith, Delta, Denton, Ellis, Fannin, Fort Bend, Galveston, Gray, Grayson, Grimes, Harris, Harrison, Hood, Hopkins, Hunt, Hutchinson, Jefferson, Johnson, Kaufman, Lamar, Liberty, Montgomery, Moore, Nacogdoches, Orange, Parker, Potter, Randall, Rockwall, Tarrant, Walker, Waller

New Web site

Here's easy access to network dentists, claim information, dental definitions, brushing tips for kids, and other dental education - www.myuhcdental.com.

Supplemental Insurance Plans

For active employees only

AFLAC is back. They were the winner in the recent competition for supplemental insurance plans. To show their commitment to the City of Houston, they are offering these same products for three more years at the same rates. That's right – no rate increase from 2001 to 2009.

Hospital Indemnity Plan

This plan pays a daily cash benefit while you or a covered dependent is hospitalized. The money is paid to the employee and may be used for all expenses, even if they are not medical expenses. These payments are in addition to your city medical plan.

Under this plan, pre-existing conditions are not covered for an injury or sickness that required medical advice or attention during the 12-month period before the effective date of coverage.

Accident/Disability Plan

This plan provides a benefit if you or a covered dependent is injured or becomes disabled according to plan guidelines. The plan will pay a benefit to the employee for:

- accidental death,
- off-the-job accidents that result in disability, employee only,
- hospital income,
- emergency room use, and
- injury or loss of limb.

These payments are in addition to the city medical plan. If you pay for accident/disability insurance plan coverage with pretax dollars, future disability benefits payments will be taxable income.

Personal Cancer Protector Plan

This plan provides supplemental insurance for you or a covered dependent diagnosed with cancer. Benefits are paid directly to you.

You may use this benefit to pay for medical, travel and other expenses including, but not limited to:

- hospitalization costs
- deductibles
- food and lodging
- child care
- copayments
- special equipment
- necessary household help
- travel

Supplemental Plan Checklist

- ☐ Brochures
- ☐ Enrollment forms

Rates and Additional Information

The rates for each plan are shown in information you will receive from your department human resources liaison. Benefits under the supplemental insurance plans will be effective May 1, 2006.

If you would like more information about the supplemental insurance plans, contact your department human resources liaison.

Who's in the game?

Percent of employees enrolled in one or more supplemental insurance plans	26%
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Important Note

If you are enrolled in a supplemental insurance plan and don't want to make any changes, don't do anything. Your coverage will remain in effect through April 30, 2007.

All deductions will be pretax, except for the disability plan.



Flexible Spending Account

The New Healthcare Flexible Spending Account (HFSA) – a SMART choice

You asked for it – a new way to save money.

Many of you have been asking for this. We are pleased to offer the Healthcare Flexible Spending Account. The new HFSA is a voluntary pretax benefit plan that allows you to set aside money from your paycheck to be used to pay for out-of-pocket medical, prescription, dental and vision expenses incurred by you and your family.

Why should I participate?

If you're like most of us, you and your family will have health-care expenses in the next 12 months. Your medical and dental plans will pay the majority of those expenses. But what about the part that isn't covered - like copayments?

The new Healthcare Flexible Spending Account may help you save tax dollars on these out-of-pocket expenses. The money that you contribute into the HFSA comes out of your paycheck before taxes, and you do not pay taxes on reimbursements you receive for qualified healthcare expenses.

What expenses are reimbursable?

- Items and services that you can deduct from your income tax, according to Internal Revenue Code 213.
- Copayments, coinsurance and insurance deductibles for physicians, dentists, hospital and vision services
- Copayments for prescriptions, retail and mail order
- Prescription drugs not covered in the medical plan
- Orthodontia expenses
- Eye glasses, contact lenses and contact lens solution
- Corrective vision surgery (i.e., lasik)
- Over-the-counter medications, such as aspirin, cough and cold medicine, allergy and sinus medication, etc.

Since you never pay taxes on this money, you can save up to 35 percent in federal tax on the amount that you put into the HFSA. The amount you save will vary depending upon your individual income tax bracket

OK – I'm curious. How does this work?

Enrollment is voluntary and is as easy as completing the flexible spending account election form. Ask your HR representative for the SMART Choice HFSA Enrollment Guide.

SMART Tip

Ask your benefits liaison for the HFSA guide which provides detailed information on how you can use this pretax benefit to lower your family's tax bill.

What do you spend?

In 2004, HMO plan members spent about \$350 in medical copayments, and about \$200 in prescription copayments. That doesn't count over-the-counter items like aspirin, cold medicines or that stomach stuff. These items are also eligible.

SMART facts - at a glance

- Minimum contribution = \$120 per year/\$5 per pay period
- Maximum contribution = \$1000 per year/\$41.67 per pay period
- Plan year is May through April.
- Incur claims May through April.
- File claims for 90 days beyond plan year, through July.
- Claim administrator is FLEXONE

Dependent Care Reimbursement

Did you remember that this is another way you can save money? If you have qualifying expenses for dependent care, you can enroll in this plan in January. Watch for enrollment announcements in November.

Staying on top of your game

Use your health plans wisely and stay healthy. They offer wellness exams, screenings, immunizations, information and management resources that cost you little or nothing. Did you know your health plan provides a \$0 copayment for well-man and well-woman screening? Or that the DHMO and indemnity plans offer preventive dental services for \$0 copayment?

In addition to these health and dental plan features, the city offers several avenues of access to wellness activities.

Blue Access: Provides online access at www.bcbstx.com to important information for health plan members about their coverage. Now, in addition to access to the Mayo Clinic Health Information Web site, members can use the Personal Health Manager to set up a personal health record and receive wellness advice for you and your family members.

Personal Health Manager: Did you ever wish for a personal trainer to help design a fitness program just for you? If only you had a nutritionist to find the calorie pockets in your fast-food lunch. Well, here they are! Online resources to personalize a program for you. How about daily medals for reaching your goal? Log on through Blue Access and click on Personal Health Manager to start making some SMART choices.

Disease Management Program: Provides extra services for health plan members who have chronic health conditions including: diabetes, asthma, COPD, hepatitis C/HIV, congestive heart failure and back pain. Call BlueCross BlueShield of Texas at (866) 757-6875 for more information.

24/7 Nurseline: Call this number 24/7 for health issues that come up when you can't reach your doctor: (800) 581-0353/HMO members or (800) 581-0368/PPO members.

Special Beginnings: Is a prenatal education program to help expectant mothers better understand and manage their pregnancy. An introductory video is available in English and Spanish. To enroll call (800) 462-3275.

Wellness Leave: Compensable Sick Plan gives 8 hours of paid time-off for preventive wellness activities after an employee has been employed for one benefit year, Sept. 1 – Aug. 31. Activities include dental, vision, well-woman, well-man and physical exams, as well as other wellness-related doctor visits. Contact your HR liaison for information.

50 free fitness facilities: You don't have to pay your way to fitness. The city offers free access to city facilities all over Houston. You can ride stationary bikes, lift weights, swim, play basketball or play tennis. To view a chart of facility locations and services visit www.houstonhumanresources.org and click on Benefits Alert.

Personal Health Manager



Do you know what fitness regimen to follow to reach your goals? A personal trainer can help you select and focus on those exercises most beneficial to you. How about adding a nutritionist to help you determine what to eat? And maybe you should buy an encyclopedia to help you understand what those two are telling you. By the time you gain all the resources you need to reach your goal, your wallet, like your figure, could be noticeably thinner. But the Personal Health Manager available through Blue Access provides you with your own virtual trainer and nutritionist, all at no cost to you. And there's more. Reminders, a health encyclopedia, news, recipes, meal planners and incentives to keep you working out are also on the site. Just log onto Blue Access and make some SMART choices.

Health Risk Assessment

Coming soon — Take the online health risk assessment and get a \$50 gift certificate.

Later this year, if you take the easy-to-do health risk assessment and authorize its release to BlueCross BlueShield, you will win a \$50 gift certificate. Of course, you're really winning a bigger prize: guideposts to making better health and lifestyle choices.

All you will have to do is visit the Blue Access Web site, click on Personal Health Manager and click on Take the Mayo Clinic Health Risk Assessment.

It asks you to answer a short series of questions. It's interesting and kinda fun. When you're finished, Mayo experts calculate your health status and give it to you in easy-to-understand language without medical mumbo-jumbo.

Section 125

It's easier than ever now to get pretax benefits. Beginning May 2006, employees enrolled in medical, dental, and supplemental insurance products will have those deductions taken on a pretax basis. The change will be automatic.

The one exception is for those enrolled in the voluntary disability benefit. Deductions for that benefit will be post-tax, so that any disability benefit you receive from it is not taxable.

What does Section 125 mean to me?

Your W-2 next year will reflect a lower "taxable earnings" figure – and that means you pay taxes on a lower amount – and that usually means less taxes!

In many cases, you see an increase in your take-home pay, as a result.

Changes to your benefits are limited to Open Enrollment periods, unless you have a qualified change in family status. The change in benefits must be consistent with the status change. See the Qualified Family Status Change information on page 20 to learn more.

Here's the math

This is an example of how you may benefit from paying for benefits with pretax dollars. The example is based on a married couple with two withholding allowances in 2005.

Example of Pretax deduction savings

Pay/Deductions	Pretax	Post-tax
Gross biweekly pay	\$1,250.00	\$1,250.00
Employee pretax HMO premium	-\$82.16	\$.00
Employee pretax DHMO premium	-\$13.20	\$.00
Taxable income	\$1,154.64	\$1,250.00
Federal withholding	-\$65.50	-\$81.00
Social Security withholding	-\$88.33	-\$95.63
Emp. post-tax HMO medical premium	\$.00	-\$82.16
Emp. post-tax DHMO dental premium	\$.00	-\$13.20
Net biweekly pay	\$1,000.81	\$978.01
Biweekly increase in take-home pay	\$22.80	\$.00
Annual increase (24 checks) in take-home pay	\$547.09	\$.00

Who's in the game?

Percent of employees who elect to pay for benefits on a pretax basis

97%

Winning Tip

If you are enrolled in the medical, dental or supplemental insurance plans and don't want to make any changes - don't do anything. Your coverage will remain in effect through April 30, 2007.

Don't forget the new pretax Healthcare Flexible Spending Account. Learn more about it on page 16.

Captain Carrot Card

You took the stairs to your office instead of the elevator. **Step forward four squares.**

Taking the stairs burns 10 times more calories than taking the elevator, according to New York-Presbyterian Hospital and Columbia University Medical Center. Stair climbing requires about eight to 11 kcal of energy per minute. Two flights of stairs climbed per day can lead to a 5.94 pound weight loss over one year. Plus, physical activity increases the amount of HDL, the "good cholesterol," in the blood. Gluteus maximus and quadricep muscles become noticeably toned in days, states Health Essentials' Web site, fitnessandfreebies.com.



Bigger muscles burn more calories. Eventually, heart and lungs strengthen and resting heart rate lowers.

Captain Carrot Card

You feel like a snack, so you go to the vending machine and buy a candy bar. **Fall back two squares.**

Rather than munching on sugary candy or fattening chips from the vending machine, reach for some fruit or vegetables. Carry a small container of natural, healthy food with you so you're not caught hungry with just a vending machine offering relief.





Rules of the game

Who is eligible?

You are eligible for coverage under the benefits plans if you are:

- A full-time employee or a part-time employee regularly scheduled to work at least 30 hours a week;
- A retiree who was covered by a city medical plan on the date of retirement from the city;
- A survivor of a covered city employee or retiree, up to age limits and application of other plan rules; or,
- A deferred retired employee who will become eligible to receive a pension within 5 years after termination and continuously pays the monthly contribution for health coverage.

If both you and your spouse work for the city, you may be covered as an employee or as a dependent — but not both. Dependents may be enrolled under only one parent or guardian.

Eligible Dependents

Eligible dependents are your:

- Legal spouse, or a former spouse entitled to support from you under a court order when a request for enrollment has been made within 31 days after issuance of the court order,
- Unmarried natural or adopted children up to age 25, if they qualify as dependents for federal income tax purposes,
- Children up to age 25, over whom you have legal guardianship or legal foster care if they qualify as dependents for federal income tax purposes,
- Grandchildren under age 25 if they qualify as your dependents for federal income tax purposes,
- Disabled dependents over age 25 who are incapable of self-sustaining employment because of mental retardation or physical handicap. The dependent must be primarily dependent on you for more than 50 percent of financial support and covered before age 25.
- Unmarried dependent children who lose Medicaid coverage may be enrolled under the employee's medical plan within 31 days after Medicaid coverage is lost. They may be covered to age 25 if they qualify as the employee's dependent for federal income tax purposes.

Required Documentation

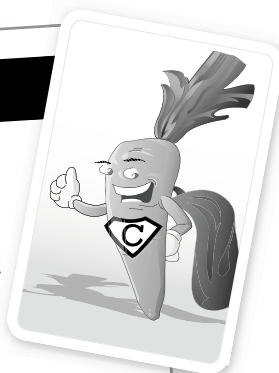
To add dependents for coverage, you must submit the required documents. The following is a list of documents you must provide with your medical/dental election or change form by the open enrollment deadline.

- Spouse — copy of a certified marriage license
- Common-law spouse — copy of a Declaration and Registration of an Informal Marriage Certificate
- Children up to age 25, over whom you have legal guardianship or legal foster care — copy of the legal documents that gave custody, guardianship or foster care
- Grandchild(ren) under age 25, who are your covered dependents for federal income tax purposes — copy of the Financial Dependency of Children form and a birth certificate
- Disabled dependents over age 25 if they were covered before age 25 and are primarily dependent on you for more than 50 percent of their financial support — medical documentation of the disability or mental handicap
- Children under age 25, if not added at time of birth or if you are requesting reinstatement of their coverage — copy of a birth certificate or legal document that establishes paternity of the employee and a completed certification of Financial Dependency of Children form

There is no waiting period for dependents added during open enrollment.

Important Note

If you are enrolled in the HMO plan, and you do not add a new dependent within 31 days of the event, you may add the dependent later, but there will be a 90-day waiting period. Coverage will be effective on the first or the 16th of the month following the waiting period. You may add a dependent to the PPO within 31 days of the event or during annual open enrollment.



Qualified Family Status Change

If you are an active employee and pay for coverage with pretax dollars, you may change your coverage during the year only if you have a qualified family status change.

Qualified family status changes include:

- marriage or divorce,
- birth or adoption of a child,
- death of a dependent,
- a dependent child reaches age 25, or marries,
- a spouse's loss of employment,
- a spouse becomes employed and enrolls in that employer's benefits program,
- you or your spouse change from full-time to part-time employment or vice-versa, or you experience a significant change in your spouse's benefits or premium payments,
- a dependent loses Medicaid medical coverage.

If you have a family status change, you must submit a status change form and documentation within 31 days of the change. See the "Required Documentation to Add Dependents" section on page 19.

Important Note

When your dependents become ineligible, they will be dropped from coverage. You must submit a status change form within 31 days.

You will receive a refund of the premiums you paid for coverage only from the date of your notification.

If they are not dropped on time, they are still ineligible for coverage. You will not get a full refund beyond 60 days, and you may be responsible for any claims incorrectly paid on their behalf.

You can get a status change form from your department human resources liaison or the Benefits Division at 611 Walker, 4th floor.



Captain Carrot Card

You brush your teeth twice a day, clean between teeth with floss or an interdental cleaner once a day and visit your dentist regularly.



Move your bright white smile forward three squares.

Proper hygiene saves your teeth, eliminates the pain, anxiety and discomfort of dental diseases, avoids or reduces the need for periodontal surgery, saves money and saves time, the American Dental Association states.

Game tip: Your dental plan covers two cleanings per year. Take advantage of them for cleaner teeth and fresher breath.



Captain Carrot Card

You consult the Food Guide Pyramid when planning your daily meals. **Move your lean body forward five squares.**

Chosen carefully, all foods can be part of your healthful eating style. Follow the pyramid's advice. You'll consume the nutrients and energy you need without too many calories or too much fat, cholesterol, or sugars.

In 2005, the U.S. government updated the pyramid to better teach Americans that people need to both exercise and eat right to stay healthy.





More rules of the game

How to Enroll or Make Changes

Employees: If you want to enroll or make changes to your current coverage, ask your department human resources liaison for an enrollment or change form.

Retirees: Use the medical or dental change forms in your enrollment packet and mail to the:

Benefits Division
P.O. Box 248
Houston, TX 77001

If You Don't Enroll Now — Active Employees

If you do not enroll for benefits during open enrollment, you may apply during the year for coverage in the HMO plan by completing a medical election form. Your coverage will be effective on the first or the 16th of the month following the 90-day waiting period from the date you submit your enrollment form. You may not enroll in the PPO or dental plan until open enrollment in 2007.

Life Insurance — Active Employees

You may apply for voluntary group life insurance at any time. If you apply for first-time coverage or increase your coverage during this enrollment period, you must complete a personal health statement. You will begin paying premiums after the insurance company approves your application.

Important Note

Your completed forms must be given to your department human resources liaison by the last day of the enrollment period. The open enrollment period ends April 9, 2006. Any changes you make will be effective May 1, 2006.

Retirees should use the postage-paid envelope in their packet to return their completed forms, or use the address above.



Employee Self Service at your service — online tool for reviewing your personal record

Since December 2004, more than 7,000 employees have logged into the Employee Self Service system. This is a convenient way to look up information in your personal record.

You can access current leave balances and usage, deductions, and your last three paycheck stubs. You will also find forms to print and links to sources of information for city employees. It is a secure site, accessed through the Internet, which means you can login from any Internet location, your home, your PC at work, or the public library. Employees have access to only their own information.

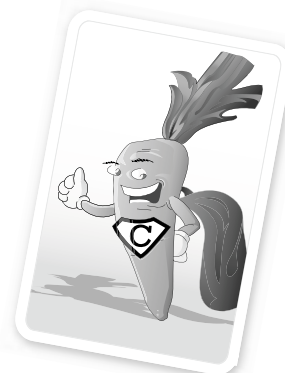
The first thing you will need to do when you login is set up your password. Select “first time user” and follow the instructions (enter your 6-digit employee number and enter a password). When you login, the menu choices are on the left side of the screen, in the blue bar.

Here's the link:

<https://cohapp.cityofhouston.gov/HRSelfService/>

If you have questions about your personal information, print the page and check with your Payroll Representative or HR Liaison. If you experience technical problems, contact the IT help desk. If you have comments or suggestions, email them to the Contact Us address.

Just one more way we're trying to provide more information at your fingertips.



City of Houston Health Fair

**GEORGE R. BROWN
CONVENTION CENTER
EXHIBIT HALL D**

**Thursday, April 20, 2006
9 a.m. to 2 p.m.**



WELLNESS SCREENINGS



GOODIES AND FUN



DOOR PRIZES



FITNESS DEMONSTRATIONS

Free parking in lots 2 and 3 with city ID badge
or this announcement.

Contacts

City of Houston Benefits Division

(713) 837-9400
(888) 205-9266

City of Houston Web site

www.houstonhumanresources.org

HMO Blue Texas in the Benefits Division

(713) 837-9376
(713) 837-9377
(713) 837-9448

HMO Blue Texas

(866) 757-6875
www.bcbstx.com

Prime Therapeutics (HMO Blue Texas)

(877) 357-7463
www.myrxhealth.com

National Pacific Dental/UHC

(866) 605-2599/(800) 232-0990

24/7 Nurseline

HMO members (800) 581-0353
PPO members (800) 581-0368

Municipal Pension

(713) 759-9275

Fire Pension

(281) 372-5100

Police Pension

(713) 869-8734

Great West (Deferred compensation)

(713) 426-5588

You're a winner!

Winning: it's really about you

Congratulations! Look at yourself, now. You're getting stronger, sharper, more focused and effective. Sure, you've always cared about your health. But the role your lifestyle plays is becoming clear. You've learned that when your lifestyle is healthy, you are healthy with higher energy levels.

Continue living a life making balanced choices about better nutrition, maintaining an acceptable weight range, reaching new levels of fitness and motivation. That's the biggest secret for winning the biggest game of all: life.

So bid farewell to fatigue, sayonara to smoking and aweigh to unwanted weight gain. The rest of your life starts here. Stay the course and keep winning.



Rules you should know

Deferred retired employees

If you are eligible to receive a pension within five years after you terminate employment, you are a deferred retired employee. Deferred retired employees may keep their medical and dental coverage for themselves and their covered family members. You may keep life insurance for yourself. You will pay the same premiums that retirees pay. If you don't pay your premiums, you will not be allowed to reinstate coverage when you begin receiving a pension.

Long term disability

If you were hired after September 1985 and are an active municipal employee or classified firefighter, you are covered under the Compensable Sick Leave Plan. After two years of employment, you are usually covered under the Long Term Disability Plan. If you become disabled, you must apply for your disability benefit within 12 months after the disability caused you to stop working. You may qualify to receive the benefit until age 65.

Life insurance

Review your life insurance beneficiary. If you have had a "life event" like marriage, divorce, birth, adoption, or death, you may want to change your beneficiary. If your minor child is the beneficiary of your life insurance, the life-insurance company will keep that money until your child reaches age 18, or until the insurance company receives legal documentation showing a financial guardian for your child. An employee is the beneficiary of his/her dependents' life insurance.

If your spouse and you work for the city, you each may be covered only once under the life-insurance plan, as either an employee or a dependent. Only one of you may cover dependent children. As an employee, you may buy coverage of up to four times your base salary. As a dependent spouse, your maximum coverage is \$50,000. A child's maximum is \$10,000.

Medical/Dental coverage

If you die while you are an active employee, your covered surviving spouse and covered dependent children may keep medical and/or dental coverage until your spouse remarries or becomes covered under another group medical or dental plan. The children may be covered until age 25. Your spouse will pay premiums based on "employee rates."

COBRA

If you are covered under the benefits plans when you terminate employment, you may keep your medical and dental coverage for 18 months through the Consolidated Omnibus Budget Reconciliation Act. You will pay the total premium. If you become disabled during that period, you may keep COBRA benefits for 29 months, when you should qualify for Medicare. The law also establishes situations for an ex-spouse or over age dependent to elect COBRA coverage.

No paycheck? Keep your benefits

If you are an active employee and you do not receive a paycheck from the city but want to retain your benefits, you must pay your premiums directly to the benefits division at 611 Walker, 4th floor. Premiums are not deducted for your benefits from the check that you receive from the workers' compensation carrier.

What's in your benefits file?

You may review your benefits file at 611 Walker, 4th floor, weekdays, 8 a.m. – 5 p.m. Because your records are confidential and protected, a written request, a written release with your notarized signature, or your physical presence is required. Present your city ID card. Information will not be released over the telephone.

Change of address

When you change your mailing address, you need to also update your address with the city's central payroll division or your pension office, and complete a benefits change form for the medical/dental plans. To receive important information about your medical and dental plans, your address must be current at all times.

Small pension check? Pay your premiums by check or money order

If you are a retiree and find that you need to pay your health-care premiums by cashier check or money order, you may do so. Contact the Benefits Division at (713) 837-9400 or (888) 205-9266.